

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

AUGUST 26, 1963

Read twice and referred to the Committee on Foreign Relations

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

6 CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated “POLICY”
9 and section 101, which relates to short title, is hereby
10 deleted.

11 SEC. 102. Section 102 of the Foreign Assistance Act of

1

1 1961, as amended, which relates to statement of policy, is
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike
4 out "should emphasize long-range development assistance"
5 and insert in lieu thereof "shall emphasize long-range de-
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the
8 following:

9 "The Congress further declares that, in order to assure
10 that each program of assistance under this part is admin-
11 istered in such a manner as will most effectively carry out
12 the policies stated in this section, each request for authoriza-
13 tion of funds for such program shall be accompanied by a
14 detailed statement setting forth—

15 "(1) the purposes of such program,

16 "(2) the specific objectives of such program, and

17 "(3) the priorities assigned to such purposes and
18 objectives,

19 which will be adhered to in the administration of such
20 program."

21 (c) The eighth paragraph is amended to read as fol-
22 lows:

23 "It is the sense of the Congress that in the administra-
24 tion of these funds great attention and consideration should
25 be given to those countries which share the view of the United

1 States on the world crisis and which do not, as a result of
2 United States assistance, divert their own economic resources
3 to military or propaganda efforts directed against the United
4 States or against other countries receiving aid under this
5 Act, whether or not such efforts are supported by the Soviet
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the
8 following:

9 “It is the sense of the Congress that, in the administra-
10 tion of programs of assistance under chapter 2 of this part,
11 every possible precaution should be taken to assure that such
12 assistance is not diverted to short-term emergency purposes
13 (such as budgetary purposes, balance-of-payments purposes,
14 or military purposes) or any other purpose not essential to
15 the long-range economic development of recipient countries.

16 It is further the sense of the Congress that short-term emer-
17 gency purposes such as those referred to in the preceding
18 sentence should be met, to the extent possible, through inter-
19 national institutions (such as the International Monetary
20 Fund) which are equipped to condition assistance on im-
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended
23 by inserting “(including private enterprise within such
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the
2 Congress urges that other industrialized free-world countries
3 increase their contributions and improve the forms and terms
4 of their assistance so that the burden of the common undertak-
5 ing, which is for the benefit of all, shall be equitably borne
6 by all."

7 **CHAPTER 2—DEVELOPMENT ASSISTANCE**

8 **TITLE I—DEVELOPMENT LOAN FUND**

9 SEC. 103. The second sentence of section 201 (b) of
10 the Foreign Assistance Act of 1961, as amended, which
11 relates to considerations to be taken into account in making
12 loans from the development loan fund, is amended as
13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu
15 thereof the following: "(1) whether financing could be ob-
16 tained in whole or in part from other free-world sources on
17 reasonable terms, including private sources within the United
18 States, (2) the economic and technical soundness of the
19 activity to be financed, including the capacity of the recipient
20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of
23 such second sentence the following: ", and (7) the economic
24 development plans of the requesting country, which plans

1 should specifically provide for appropriate participation by
2 private enterprise and include an analysis of current human
3 and material resources, together with a projection of the
4 ultimate objectives of the plans with respect to the overall
5 economic development of such country".

6 SEC. 104. Section 202 (a) of the Foreign Assistance Act
7 of 1961, as amended, which relates to authorizations for the
8 Development Loan Fund, is amended by inserting im-
9 mediately before the period at the end thereof the following:
10 "*: Provided further*, That, in order to effectuate the purposes
11 and provisions of sections 102, 201, 601, and 602 of this
12 Act, not less than 50 per centum of the funds appropriated
13 pursuant to this subsection for the fiscal years ending June
14 30, 1965 and June 30, 1966 respectively shall be available
15 only for loans made for purposes of economic development
16 through private enterprise".

17 SEC. 105. Section 201 (d) of the Foreign Assistance
18 Act of 1961, as amended, which relates to interest rates on
19 development loans, is amended by inserting immediately
20 after "in no event" the following: "less than 2 per centum
21 per annum nor".

22 SEC. 106. Section 202(a), which relates to authoriza-
23 tion, is amended by striking out "and \$1,500,000,000 for
24 each of the next four succeeding fiscal years," and inserting

- 1 in lieu thereof ", \$1,500,000,000 for the fiscal year 1963,
- 2 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000
- 3 for each of the next two succeeding fiscal years,".

4 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
5 COOPERATION

6 SEC. 107. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates
8 to development grants and technical cooperation, is amended
9 as follows:

10 (a) Section 211 (a), which relates to general authority,
11 is amended—

12 (1) by striking out "and" at the end of clause (5)
13 contained in the second sentence thereof; and

14 (2) by inserting immediately before the period at
15 the end of the second sentence the following: “, and (7)
16 whether such activity could be financed through a de-
17 velopment loan available under title I of this chapter”.

18 (b) In section 212, which relates to authorization,
19 strike out "1963" and "\$300,000,000" and substitute
20 "1964" and "\$217,000,000", respectively.

(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made

1 available for the purposes of section 211 for" and sub-
2 stitute the word "furnish".

3 (2) In subsection (b) strike out "to use" and "for-
4 eign currencies accruing to the United States Govern-
5 ment under any Act, for purposes of subsection (a)
6 of this section and for" and substitute "to furnish" be-
7 fore the word "assistance".

8 (3) Add the following new subsection:

9 "(c) There is hereby authorized to be appropriated to
10 the President for the purposes of this section, for the fiscal
11 year 1964, \$12,000,000, to remain available until expended.
12 Of the sums authorized to be appropriated under this sub-
13 section, not to exceed \$2,200,000 shall be available for
14 direct dollar costs in carrying out subsection (b) and
15 \$2,000,000 shall be available solely for the purchase of
16 foreign currencies accruing to the United States Government
17 under any Act."

18 **TITLE III—INVESTMENT GUARANTIES**

19 SEC. 108. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to
21 investment guaranties, is amended as follows:

22 (a) Amend section 221(b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after "wholly owned" in-

1 sert “(determined without regard to any shares, in
2 aggregate less than 5 per centum of the total of issued
3 and subscribed share capital, required by law to be held
4 by persons other than the parent corporation)”).

5 (2) In paragraph (1) strike out “\$1,300,000,000”
6 in the proviso and substitute “\$2,500,000,000”.

7 (3) In paragraph (2) strike out “\$180,000,000”
8 in the third proviso and substitute “\$300,000,000”.

9 (4) In paragraph (2) strike out “1964” in the
10 fourth proviso and substitute “1965”.

11 (b) Amend section 222 (a), which relates to general
12 provisions, by striking out “section 221 (b)” and substi-
13 tuting “sections 221 (b) and 224”.

14 (c) Amend section 222 (b), which relates to general
15 provisions, by striking out “section 221 (b)” in both places
16 it appears and substituting “sections 221 (b) and 224”.

17 (d) Amend section 222 (d), which relates to general
18 provisions, to read as follows:

19 “(d) Any payments made to discharge liabilities under
20 guaranties issued under sections 221 (b) and 224 of this
21 part, sections 202 (b) and 413 (b) (4) of the Mutual
22 Security Act of 1954, as amended, and section 111 (b) (3)
23 of the Economic Cooperation Act of 1948, as amended (ex-
24 clusive of informational media guaranties), shall be paid first
25 out of fees referred to in section 222 (b) as long as such fees

1 are available, and thereafter shall be paid out of funds, if any,
2 realized from the sale of currencies or other assets acquired
3 in connection with any payments made to discharge liabilities
4 under such guaranties as long as such funds are available,
5 and thereafter shall be paid out of funds heretofore appro-
6 priated for the purpose of discharging liabilities under the
7 aforementioned guaranties, and thereafter out of funds real-
8 ized from the sale of notes issued under section 413 (b) (4)
9 (F) of the Mutual Security Act of 1954, as amended, and
10 section 111 (c) (2) of the Economic Cooperation Act of
11 1948, as amended, and finally out of funds hereafter made
12 available pursuant to section 222 (f)."

13 (e) Amend section 222 (e), which relates to general
14 provisions, to read as follows:

15 "(e) All guaranties issued prior to July 1, 1956, all
16 guaranties issued under sections 202 (b) and 413 (b) (4)
17 of the Mutual Security Act of 1954, as amended, and all
18 guaranties heretofore or hereafter issued pursuant to this
19 title shall be considered contingent obligations backed by
20 the full faith and credit of the Government of the United
21 States of America. Funds heretofore obligated under the
22 aforementioned guaranties (exclusive of informational media
23 guaranties) together with the other funds made available
24 for the purposes of this title shall constitute a single reserve

1 for the payment of claims in accordance with section 222 (d)
2 of this part."

3 (f) Amend section 222 by adding at the end thereof the
4 following new subsection:

5 " (g) In making a determination to issue a guaranty
6 under section 221 (b), the President shall consider the pos-
7 sible adverse effect of the dollar investment under such
8 guaranty upon the balance of payments of the United
9 States."

10 (g) Amend section 224, which relates to housing
11 projects in Latin American countries, as follows:

12 (1) In subsection (b) strike out "\$60,000,000"
13 and substitute "\$150,000,000".

14 (2) Strike out subsection (c).

15 TITLE VI—ALLIANCE FOR PROGRESS

16 SEC. 109. Title VI of chapter 2 of part I of the Foreign
17 Assistance Act of 1961, as amended, which relates to the
18 Alliance for Progress, is amended as follows:

19 (a) Amend section 251, which relates to general
20 authority, as follows:

21 (1) In subsection (b), amend the next to the last
22 sentence thereof by inserting immediately after "reason-
23 able terms" the following: "(including private sources
24 within the United States), the capacity of the recipient

1 country to repay the loan at a reasonable rate of
2 interest.”.

3 (2) In subsection (e) strike out “economical” and
4 substitute “economically”.

5 (3) In subsection (f) strike out “Agency for Inter-
6 national Development” and substitute “agency primarily
7 responsible for administering part I”.

8 (b) Section 252, which relates to authorization, is
9 amended as follows:

10 (1) In the first sentence, strike out “fiscal years
11 1963 through 1966, not to exceed \$600,000,000 for
12 each such fiscal year” and insert in lieu thereof “fiscal
13 years 1963, 1965, and 1966, not to exceed \$600,000,000
14 for each such fiscal year, and for use beginning in the
15 fiscal year 1964, not to exceed \$450,000,000.”.

16 (2) Immediately after “1963” the second time it
17 appears therein, insert the following: “and not to ex-
18 ceed \$100,000,000 of the funds appropriated pursuant
19 to this section for use beginning in fiscal year 1964.”.

20 (c) Section 252, which relates to authorization, is
21 amended by adding at the end thereof the following new
22 sentence: “In order to effectuate the purposes and provisions
23 of sections 102, 251, 601, and 602 of this Act, not less than
24 50 per centum of the loan funds appropriated pursuant to this

1 section for the fiscal years ending June 30, 1965 and June
2 30, 1966 respectively shall be available only for loans made
3 for purposes of economic development through private enter-
4 prise."

5 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
6 PROGRAMS

7 SEC. 110. Section 302 of the Foreign Assistance Act
8 of 1961, as amended, which relates to international organiza-
9 tions and programs, is amended by striking out "1963" and
10 "\$148,900,000" and substituting "1964" and "\$136,050,-
11 000", respectively.

12 CHAPTER 4—SUPPORTING ASSISTANCE

13 SEC. 111. Section 402 of the Foreign Assistance Act
14 of 1961, as amended, which relates to supporting assistance,
15 is amended by striking out "1963" and "\$415,000,000"
16 and substituting "1964" and "\$380,000,000", respectively.

17 CHAPTER 5—CONTINGENCY FUND

18 SEC. 112. Section 451 of the Foreign Assistance Act
19 of 1961, as amended, which relates to the contingency fund,
20 is amended by striking out "1963" and "\$300,000,000" and
21 inserting in lieu thereof "1964" and "\$150,000,000".
22 respectively.

1 PART II

2 CHAPTER 1—POLICY

3 SEC. 201. Chapter 1 of part II of the Foreign Assistance
4 Act of 1961, as amended, is hereby redesignated "POLICY"
5 and section 501, which relates to short title, is hereby de-
6 leted.

7 SEC. 202. Chapter 2 of part II of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to military as-
9 sistance, is amended as follows:

10 (a) In section 504 (a), which relates to authorization,
11 strike out "the fiscal years 1962 and 1963" and "\$1,700,-
12 000,000 for each such fiscal year, which sums" and substi-
13 tute "fiscal year 1964" and "\$1,000,000,000, which",
14 respectively.

15 (b) In section 510 (a), which relates to special author-
16 ity, strike out "1963" in the first and second sentences and
17 substitute "1964".

18 (c) At the end of such chapter, add the following new
19 section:

20 "SEC. 512. RESTRICTIONS ON MILITARY AID TO
21 AFRICA.—No military assistance shall be furnished on a
22 grant basis to any country in Africa, except for internal

14

1 security requirements or for programs described in section
2 505 (b) of this chapter."

3 **PART III**

4 **CHAPTER 1—GENERAL PROVISIONS**

5 SEC. 301. Section 601 (b) of the Foreign Assistance Act
6 of 1961, as amended, which relates to encouragement of pri-
7 vate enterprise, is amended as follows:

8 (a) Strike out "and" at the end of paragraph (3).

9 (b) Strike out the period at the end of paragraph (4)
10 and insert in lieu thereof a semicolon.

11 (c) At the end thereof add the following new para-
12 graphs:

13 “(5) utilize, wherever practicable, the services of
14 United States private enterprise (including, but not
15 limited to, the services of experts and consultants in tech-
16 nical fields such as engineering); and

17 “(6) take appropriate steps to discourage nationali-
18 zation, expropriation, confiscation, seizure of ownership
19 or control, of private investment and discriminatory or
20 other actions having the effect thereof, undertaken by
21 countries receiving assistance under this Act, which di-
22 vert available resources essential to create new wealth,
23 employment, and productivity in those countries and
24 otherwise impair the climate for new private investment

1 essential to the stable economic growth and development
2 of those countries."

3 SEC. 302. Section 611 (b) of the Foreign Assistance
4 Act of 1961, as amended, which relates to completion of
5 plans and cost estimates, is amended by striking out "circular
6 A-47 of the Bureau of the Budget" and substituting "the
7 Memorandum of the President dated May 15, 1962".

8 SEC. 303. Section 611, of the Foreign Assistance Act
9 of 1961, as amended, which relates to completion of plans
10 and cost estimates, is amended by adding to the end thereof
11 the following subsection:

12 "(e) The President shall establish such procedures as
13 he may deem necessary to assure to the maximum extent
14 practicable all contracts for construction outside the United
15 States made in connection with any agreement or grant
16 subject to subsection (a) of this section shall be made
17 in accordance with the same standards applicable to contracts
18 made by the Federal Government for similar construction
19 within the United States."

20 SEC. 304. Section 620 (a) of the Foreign Assistance Act
21 of 1961, as amended, which relates to prohibitions against
22 furnishing assistance to Cuba, is amended as follows:

23 (a) Insert "(1)" immediately after "(a)".

24 (b) Insert immediately after the second sentence thereof

1 the following new sentence: "No funds provided under this
2 Act shall be used to make any voluntary contribution to
3 any international organization or program for financing proj-
4 ects of economic or technical assistance to the present Gov-
5 ernment of Cuba.".

6 (c) At the end thereof add the following new para-
7 graphs:

8 " (2) Except as may be deemed necessary by the Presi-
9 dent in the interest of the United States, no assistance shall
10 be furnished under this Act to any government of Cuba, nor
11 shall Cuba be entitled to receive any quota authorizing the
12 importation of Cuban sugar into the United States or to
13 receive any other benefit under any law of the United States,
14 until the President determines that such government has
15 taken appropriate steps according to international law stand-
16 ards to return to United States citizens, and to entities not
17 less than 50 per centum beneficially owned by United States
18 citizens, or to provide equitable compensation to such citizens
19 and entities for property taken from such citizens and en-
20 tities on or after January 1, 1959, by the Government of
21 Cuba.

22 " (3) No funds authorized to be made available under
23 this Act (except under section 214) shall be used to furnish
24 assistance to any country which has failed to take appro-

1 priate steps, not later than 60 days after the date of enact-
2 ment of the Foreign Assistance Act of 1963—

3 “(A) to prevent ships or aircraft under its registry
4 from transporting to Cuba (other than to United States
5 installations in Cuba)—

6 “(i) any items of economic assistance,
7 “(ii) any items which are, for the purposes of
8 title I of the Mutual Defense Assistance Control
9 Act of 1951, as amended, arms, ammunition and
10 implements of war, atomic energy materials, petro-
11 leum, transportation materials of strategic value, or
12 items of primary strategic significance used in the
13 production of arms, ammunition, and implements of
14 war, or

15 “(iii) any other equipment, materials, or com-
16 modities,

17 so long as Cuba is governed by the Castro regime; and

18 “(B) to prevent ships or aircraft under its registry
19 from transporting any equipment, materials, or com-
20 modities from Cuba (other than from United States
21 installations in Cuba) so long as Cuba is governed by
22 the Castro regime.”

23 SEC. 305. Section 620 (e) of the Foreign Assistance Act

1 of 1961, as amended, which relates to suspension of assist-
2 ance, is amended as follows:

3 (a) In clause (2), immediately after "operational con-
4 ditions," insert "or has taken other actions,".

5 (b) Strike out "equitable and speedy compensation for
6 such property in convertible foreign exchange" and insert
7 in lieu thereof "speedy compensation for such property in
8 convertible foreign exchange equivalent to the full value
9 thereof".

10 SEC. 306. Section 620 (f) of the Foreign Assistance Act
11 of 1961, as amended, which relates to prohibitions against
12 furnishing certain assistance to Communist countries, is
13 amended by inserting immediately before the period after
14 "Union of Soviet Socialist Republics" the following: "(in
15 cluding its captive constituent republics)".

16 SEC. 307. Section 620 of the Foreign Assistance Act
17 of 1961, as amended, which relates to prohibitions against
18 furnishing assistance to Cuba and certain other countries,
19 is amended by adding at the end thereof the following new
20 subsections:

21 "(i) No assistance shall be provided under this or any
22 other Act, and no sales shall be made under the Agricultural
23 Trade Development and Assistance Act of 1954, to any
24 country which the President determines is engaging in or
25 preparing for aggressive military efforts directed against—

1 “(1) the United States,

2 “(2) any country receiving assistance under this
3 or any other Act, or

4 “(3) any country to which sales are made under
5 the Agricultural Trade Development and Assistance
6 Act of 1954,

7 until the President determines that such military efforts or
8 preparations have ceased and he reports to the Congress
9 that he has received assurances satisfactory to him that
10 such military efforts or preparations will not be renewed.

11 This restriction may not be waived pursuant to any au-
12 thority contained in this Act.

13 “(j) No assistance under this Act shall be furnished to
14 Indonesia unless the President determines that the furnish-
15 ing of such assistance is in the national interest of the United
16 States. The President shall keep the Foreign Relations
17 Committee and the Appropriations Committee of the Senate
18 and the Speaker of the House of Representatives fully and
19 currently informed of any assistance furnished to Indonesia
20 under this Act.

21 “(k) Until the enactment of the Foreign Assistance
22 Act of 1964 or other general legislation, during the calendar
23 year 1964, authorizing additional appropriations to carry
24 out programs of assistance under this Act, no assistance
25 shall be furnished under this Act to any country for con-

1 struction of any productive enterprise with respect to which
2 the aggregate value of such assistance to be furnished by
3 the United States will exceed \$100,000,000. No other
4 provision of this Act shall be construed to authorize the
5 President to waive the provisions of this subsection.

6 "(l) No assistance shall be provided under this Act
7 after December 31, 1964, to the government of any less
8 developed country which has failed to enter into an agree-
9 ment with the President to institute the investment guaranty
10 program under section 221(b)(1) of this Act, providing
11 protection against the specific risks of inconvertibility under
12 subparagraph (A), and expropriation or confiscation under
13 subparagraph (B), of such section 221(b)(1).

14 "(m) No assistance shall be furnished under this Act
15 for the construction or operation of any productive enter-
16 prise in any country unless the President determines that
17 similar productive enterprises within the United States are
18 operating at a substantial portion of their capacity and that
19 such assistance will not result in depriving such United
20 States enterprises of their reasonable share of world markets.

21 The President shall keep the Foreign Relations Committee
22 and the Appropriations Committee of the Senate and the
23 Speaker of the House of Representatives fully and currently
24 informed of assistance furnished under this Act for the
25 construction or operation of productive enterprises in all

1 countries, including specifically the numbers of such enter-
2 prises, the types of such enterprises, and the locations of
3 such enterprises.

4 “(n) No assistance shall be furnished under section
5 201, 211, or 251 of this Act to the government of any
6 country which does not agree to permit such reviews, in-
7 spections, and audits by the United States as the President
8 may require for the purpose of ascertaining whether such
9 assistance is being administered within the recipient country
10 to carry out the purposes for which it was furnished.”

11 **CHAPTER 2—ADMINISTRATIVE PROVISIONS**

12 SEC. 308. Chapter 2 of part III of the Foreign Assist-
13 ance Act of 1961, as amended, which relates to administra-
14 tive provisions, is amended as follows:

15 (a) Amend section 624, which relates to statutory offi-
16 cers, as follows:

17 (1) In subsection (a) (2) strike out “two shall
18 have the rank of Deputy Under Secretaries” and sub-
19 stitute “one shall have the rank of Deputy Under Secre-
20 tary”.

21 (2) In subsection (a) (3) strike out “nine” and
22 substitute “ten”.

23 (3) In subsection (b) strike out “paragraphs (2)
24 and” and substitute “paragraph”.

1 (b) Amend section 626 (b), which relates to experts,
2 consultants, and retired officers, as follows:

3 (1) Strike out the entire first sentence.

4 (2) In the second sentence strike out "Nor shall
5 such service" and substitute "Service of an individual as
6 an expert or consultant under subsection (a) of this
7 section shall not".

8 (c) In section 631, which relates to missions and staffs
9 abroad, add the following new subsection (c) :

10 "(c) The President may appoint any United States
11 citizen who is not an employee of the United States Govern-
12 ment or may assign any United States citizen who is a United
13 States Government employee to serve as Chairman of the
14 Development Assistance Committee or any successor Com-
15 mittee thereto of the Organization for Economic Cooperation
16 and Development upon election thereto by members of said
17 Committee, and, in his discretion, may terminate such ap-
18 pointment or assignment, notwithstanding any other provision
19 of law. Such person may receive such compensation and
20 allowances as are authorized by the Foreign Service Act of
21 1946, as amended, not to exceed those authorized for a chief
22 of mission, class 2, within the meaning of said Act, as the
23 President may determine. Such persons may also, in the
24 President's discretion, receive any other benefits and per-

1 quisites available under this Act to chiefs of special missions
2 or staffs outside the United States established under this
3 section."

4 (d) Amend section 635, which relates to general author-
5 ities, by adding the following new subsection (k) :

6 " (k) Any cost-type contract or agreement (including
7 grants) entered into with a university, college, or other
8 educational institution for the purpose of carrying out pro-
9 grams authorized by part I may provide for the payment
10 of the reimbursable indirect costs of said university, college,
11 or other educational institution on the basis of predetermined
12 fixed-percentage rates applied to the total, or an element
13 thereof, of the reimbursable direct costs incurred."

14 (e) Amend section 636, which relates to provisions on
15 uses of funds, by adding at the end thereof the following new
16 subsection:

17 " (h) In carrying out programs under this Act, the
18 President shall take all appropriate steps to assure that, to
19 the maximum extent possible, (1) countries receiving as-
20 sistance under this Act contribute local currencies to
21 meet the cost of contractual and other services rendered in
22 conjunction with such programs, and (2) foreign currencies
23 owned by the United States are utilized to meet the costs
24 of such contractual and other services."

1 (f) Amend section 637 (a), which relates to administra-
2 tive expenses, by striking out "1963" and "\$53,000,000"
3 and substituting "1964" and "\$54,000,000", respectively.

4 **CHAPTER 3—MISCELLANEOUS PROVISIONS**

5 SEC. 309. Section 644 (f) of the Foreign Assistance Act
6 of 1961, as amended, which relates to definition of defense
7 services, is amended by inserting "including orientation"
8 after "training" the first time it appears.

9 SEC. 310. Section 645 of the Foreign Assistance Act
10 of 1961, as amended, which relates to unexpended balances,
11 is amended to read as follows:

12 "SEC. 645. UNEXPENDED BALANCES.—Unexpended
13 balances of funds made available pursuant to this Act, the
14 Mutual Security Act of 1954, as amended, or Public Law
15 86-736 are hereby authorized to be continued available for
16 the general purposes for which appropriated, and may at
17 any time be consolidated, and, in addition, may be consoli-
18 dated with appropriations made available for the same gen-
19 eral purposes under the authority of this Act."

20 **PART IV—AMENDMENTS TO OTHER LAWS**

21 SEC. 401. The Act to provide for assistance in the
22 development of Latin America and in the reconstruction of
23 Chile, and for other purposes (Public Law 86-735, 22
24 U.S.C. 1942 et seq.), is amended as follows:

1 (a) In section 2 strike out "\$500,000,000" and sub-
2 stitute "\$700,000,000".

3 (b) Insert following the enacting clause "That this
4 Act may be cited as 'the Latin American Development and
5 Chilean Reconstruction Act'".

6 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
7 Development and Assistance Act of 1954, as amended, is
8 amended to read as follows:

9 "(f) obtain rates of exchange applicable to the
10 sale of commodities under such agreements which are not
11 less favorable than the highest of exchange rates legally
12 obtainable from the Government or agencies thereof in
13 the respective countries."

14 (b) Section 105 of such Act is amended by adding at
15 the end thereof the following new sentence: "The President
16 shall utilize foreign currencies received pursuant to this title
17 in such manner as will, to the maximum extent possible,
18 reduce any deficit in the balance of payments of the United
19 States."

20 (c) Section 202 of such Act is amended by striking
21 out "economic development" and inserting in lieu thereof
22 "economic and community development".

23 SEC. 403. (a) Section 571 (a) of the Foreign Service
24 Act of 1946, as amended, is amended by changing the final

1 period to a colon and adding the following: "*Provided*, That
2 in individual cases when personally approved by the Secre-
3 tary further extension may be made."

4 (b) Section 911 (2) of the Foreign Service Act of 1946,
5 as amended, is amended by inserting immediately after "on
6 authorized home leave;" the following: "accompanying him
7 for representational purposes on authorized travel within the
8 country of his assignment or, at the discretion of the Sec-
9 tary, outside the country of his assignment, but in no case
10 to exceed one member of his family,".

11 (c) Title IX of the Foreign Service Act of 1946, as
12 amended, is amended by striking out section 921 (d), re-
13 lating to use of Government vehicles, and by inserting im-
14 mediately after section 913 the following new section:

15 "USE OF GOVERNMENT OWNED OR LEASED VEHICLES

16 "SEC. 914. Notwithstanding the provisions of section 5
17 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
18 the Secretary may authorize any principal officer to approve
19 the use of Government owned or leased vehicles located at
20 his post for transportation of United States Government
21 employees and their dependents when public transportation
22 is unsafe or not available."

23 (d) Title X of the Foreign Service Act of 1946, as

1 amended, is amended by adding at the end thereof the follow-
2 ing:

3 "PART I—EDUCATIONAL FACILITIES

4 "SEC. 1081. Whenever the Secretary determines that
5 educational facilities are not available, or that existing educa-
6 tional facilities are inadequate, to meet the needs of children
7 of American citizens stationed outside the United States
8 engaged in carrying out Government activities, he is author-
9 ized, in such manner as he deems appropriate and under
10 such regulations as he may prescribe, to establish, operate,
11 and maintain primary schools, and school dormitories and
12 related educational facilities for primary and secondary
13 schools, outside the United States, or to make grants of funds
14 for such purposes, or otherwise provide for such educational
15 facilities. The provisions of the Foreign Service Buildings
16 Act, 1926, as amended, and of paragraphs (h) and (i) of
17 section 3 of the Act entitled 'An Act to provide certain basic
18 authority for the Department of State', approved August 1,
19 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized
20 by the Secretary in providing assistance for educational
21 facilities. Assistance may include, but shall not be limited
22 to, hiring, transporting, and payment of teachers and other
23 necessary personnel."

1 SEC. 404. The Act entitled "An Act to provide certain
2 basic authority for the Department of State", approved
3 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
4 serting immediately after section 12 the following new
5 section:

6 "SEC. 13. There is hereby established a working capital
7 fund for the Department of State, which shall be available
8 without fiscal year limitation, for expenses (including those
9 authorized by the Foreign Service Act of 1946, as amended)
10 and equipment, necessary for maintenance and operation
11 in the city of Washington and elsewhere of (1) central
12 reproduction, editorial, data processing, audiovisual, library
13 and administrative support services; (2) central supply
14 services for supplies and equipment (including repairs),
15 and (3) such other administrative services as the Secretary,
16 with the approval of the Bureau of the Budget, determines
17 may be performed more advantageously and more economi-
18 cally as central services. The capital of the fund shall consist
19 of the amount of the fair and reasonable value of such supply
20 inventories, equipment, and other assets and inventories on
21 order, pertaining to the services to be carried on by the
22 fund, as the Secretary may transfer to the fund, less the
23 related liabilities and unpaid obligations, together with any

1 appropriations made for the purpose of providing capital.
2 Not to exceed \$750,000 in net assets shall be transferred
3 to the fund for purposes of providing capital. The fund
4 shall be reimbursed, or credited with advance payments,
5 from applicable appropriations and funds of the Department
6 of State, other Federal agencies, and other sources author-
7 ized by law, for supplies and services at rates which will
8 approximate the expense of operations, including accrual
9 of annual leave and depreciation of plant and equipment of
10 the fund. The fund shall also be credited with other receipts
11 from sale or exchange of property or in payment for loss or
12 damage to property held by the fund. There shall be trans-
13 ferred into the Treasury as miscellaneous receipts, as of the
14 close of each fiscal year, earnings which the Secretary deter-
15 mines to be excess to the needs of the fund. There is hereby
16 authorized to be appropriated such amounts as may be
17 necessary to provide capital for the fund."

18 SEC. 405. The first sentence of the first section of the
19 Act entitled "An Act to authorize participation by the
20 United States in parliamentary conferences of the North
21 Atlantic Treaty Organization", approved July 11, 1956
22 (70 Stat. 523), is amended to read as follows: "That not
23 to exceed eighteen Members of Congress shall be appointed

1 to meet jointly and annually with representative parlia-
2 tary groups from other NATO (North Atlantic Treaty
3 Organization) members, for discussion of common problems
4 in the interests of the maintenance of peace and security in
5 the North Atlantic area."

Passed the House of Representatives August 23, 1963.

Attest: RALPH R. ROBERTS,
Clerk.

88TH CONGRESS
1st SESSION **H. R. 7885**

AN ACT

To amend further the Foreign Assistance Act
of 1961, as amended, and for other purposes.

AUGUST 26, 1963
Read twice and referred to the Committee on
Foreign Relations